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Short-term economic statistics

Report of the Secretary-General

Summary

In accordance with Economic and Social Council decision 2016/220 and past practices, the Secretary-General has the honour to transmit the report on short-term economic statistics. The Commission is invited to take note of the report.

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I. Introduction

1. The Statistical Commission, at its forty-second session, endorsed an international programme of work on short-term economic statistics as part of a coordinated statistical response to the economic and financial crisis. The international programme was developed by the Statistics Division of the Department of Economic and Social Affairs of the Secretariat and the Statistical Office of the European Commission (Eurostat) in collaboration with Statistics Canada, Statistics Italy, the Central Bureau of Statistics (CBS) Netherlands and the Russian Federation Federal State Statistics Service. It comprised four themes, namely, business cycle composite indicators, economic tendency surveys, rapid estimates, and data template and analytical indicators. The Commission, inter alia, approved the preparation of handbooks on those themes with a view to providing guidance, best practices and harmonized principles to assist Member States in compiling and reporting internationally comparable short-term economic statistics.

2. The present report provides an overview of the progress made in the preparation of the aforementioned handbooks and presents the ongoing and future activities in support of the implementation of a short-term economic statistics programme.

II. Preparation of the handbooks

3. The four handbooks prepared under the programme concern cyclical composite indicators, economic tendency surveys, rapid estimates, and the data template and analytical indicators for short-term statistics. A description of each handbook and the progress made in its preparation is presented below.

A. Handbook on cyclical composite indicators

4. Cyclical composite indicators are important because they address the ongoing concerns of the assessment of short-term changes in economic activity. In addition, they serve as an integral part of the early warning system because they provide information about the occurrence and timing of upturns and downturns in the economy.

5. The working group tasked with the preparation of the handbook on cyclical composite indicators comprised CBS Netherlands, Eurostat, the Conference Board and the Statistics Division and was led by CBS Netherlands.

6. An initial draft of the handbook on cyclical composite indicators was circulated for expert review in the period from December 2015 to January 2016. After the comments from the expert review were addressed, a final draft of the handbook was submitted for global consultation in the period from February to April 2016. At the time of reporting, the handbook was expected to be finalized in January 2017, after the comments from the global consultation were to be incorporated.

7. The handbook provides an overview of various types of cyclical composite indicators and of the most commonly used compilation techniques. It also provides

a methodological overview of the approaches to compilation together with their advantages and drawbacks. Various topics are presented didactically in the handbook, thereby making it easier for both expert and non-expert users to read. Moreover, complex formalizations are included and presented in a way that aids beginners and non-expert users in understanding the techniques described.

B. Handbook on economic tendency surveys

8. Economic tendency surveys provide qualitative information, which cannot be collected using quantitative statistical methods. The above-mentioned surveys have proved to be a cost-effective means of generating timely information on short-term economic developments, which can be seen as a valuable complement to the system of quantitative statistics. They also serve as an integral part of an early warning system, since they provide information on the occurrence and timing of upturns and downturns in the economy. The handbook on tendency surveys is aimed at providing best practices and harmonized principles on tendency survey sample selection, questionnaire design, survey questions, survey execution, data processing, the dissemination of results and the use of composite tendency indicators.

9. The working group tasked with the preparation of the handbook on economic tendency surveys comprised the Statistics Office of Italy (ISTAT), the Organization for Economic Cooperation and Development (OECD), the KOF Swiss Economic Institute, the Swiss Federal Institute of Technology (ETH Zürich), the National Statistical Coordination Board of the Philippines, CBS Netherlands and the Statistics Division and was led by ISTAT.

10. The handbook on economic tendency surveys was circulated for global consultation in the period from July to August 2014 and was finalized in December 2015, after the incorporation of the comments from the global consultation.

11. The handbook provides internationally harmonized principles to be used in the conduct of tendency surveys, covering questionnaire design, survey frame and sample design, estimation procedures, data collection, dissemination and use of tendency surveys. It builds on the existing work undertaken by countries and international and regional organizations, most notably the work carried out as part of the Joint Harmonized European Union Programme of Business and Consumer Surveys and the related guidelines issued by the European Commission Directorate-General for Economic and Financial Affairs,[1] and the work undertaken by OECD. The handbook covers both types of economic tendency surveys — business tendency surveys and consumer tendency surveys — and introduces flexibility for countries to adapt economic tendency surveys to their specific contexts.

C. Handbook on rapid estimates

12. Rapid estimates, which are indicators that are available with a relatively short time lag, are important because they provide the first official assessment of short-term changes in economic activity. Rapid estimates (nowcasts, flash estimates,

[1] Available from http://ec.europa.eu/economy_finance/db_indicators/surveys/method_guides/index_en.htm.

advanced estimates and preliminary estimates) are regularly compiled in several countries and have become a referential statistical product for many statistical institutions. The increasing attention devoted to rapid estimates by the media and policymakers underlines the role that such estimates play in providing an early estimate of key short-term macroeconomic indicators.

13. The compilation of a glossary on rapid estimates has been completed and is available on the "Statistics Explained" website of Eurostat. The glossary clarifies the different typologies of rapid estimates, their purposes and their characteristics, and provides a harmonized terminology to establish a common understanding of rapid estimates. While the glossary is a self-standing product, it constitutes an important part of the handbook on rapid estimates.

14. The drafting of the handbook on rapid estimates was carried out by a working group composed of Eurostat, the Statistics Division and CBS Netherlands and led by Eurostat.

15. A first draft of the handbook was circulated for expert review in the period from March to May 2016. A revised draft of the handbook, incorporating the comments from the expert review, was circulated for global consultation in the period from December 2016 to January 2017. The handbook is expected to be finalized in the first half of 2017.

16. The handbook provides international statistical guidance based on best practices and harmonized principles used in the compilation and reporting of rapid estimates. In particular, it provides an overview of the different types of rapid estimates based on the glossary of rapid estimates, and the statistical and econometric methods for the construction of rapid estimates and guidance in quality assessment. The handbook is aimed in particular at compilers of rapid estimates, although users of rapid estimates will also benefit from it, in particular in understanding the methods used to compile rapid estimates.

D. Handbook on data template and analytical indicators for short-term statistics

17. The handbook on data template and analytical indicators is based on an internationally accepted data and metadata template for short-term economic statistics. The indicators are suitable for macroeconomic surveillance, early warning of economic and financial vulnerabilities and detection of turning points in business cycles. The handbook is complemented by a knowledge base on economic statistics.[2]

18. The data template is the result of global consultation across the international statistical community and was endorsed by the Statistical Commission at its forty-second session. The template consists of 12 categories of statistics for the monitoring of macroeconomic and institutional sectoral developments through quarterly national accounts supplemented by short-term statistics for production, prices, markets (labour, real estate and financial) and sectors (government, financial, non-financial, household and external). These 12 categories follow logically from

[2] Available from http://unstats.un.org/unsd/EconStatKB/Knowledgebase.aspx.

the consolidation and rearrangement of the standards developed by Eurostat through its principal European economic indicators and by the International Monetary Fund through its Special Data Dissemination Standard Plus, Special Data Dissemination Standard and General Data Dissemination System. The template is also reflected in the Principal Global Indicators developed by the Inter-Agency Group on Economic and Financial Statistics.

19. The handbook, prepared by the Statistics Division, elaborates on the methodological descriptions and the use of individual short-term economic statistics in the data template. It explains the statistical and analytical properties of short-term economic statistics, why they are relevant to explaining economic activity and how they relate to an integrated set of short-term economic statistics of quarterly national accounts and component data. It also explains the concept and the benefits of a centralized data hub for short-term statistics at the national level to facilitate the dissemination, and thus the use, of short-term statistics. Examples of data hubs that have been established in a number of countries are also presented. The handbook is designed to serve both the compiler and the user of these statistics. It contains useful links to reference materials that offer more in-depth expositions.

20. The handbook on data template and analytical indicators was circulated for global consultation in the period from November to December 2015 and was finalized in August 2016, after the incorporation of comments from the global consultation.

21. The updating of the knowledge base on economic statistics is an ongoing activity that entails the inclusion of new and updated methodologies and country practices.

III. Activities and the way forward

22. During the preparation of the handbooks on the four themes of the international programme on short-term economic statistics, activities focused on the strengthening of capacity-building at the regional and national levels and engaging in liaison with the academic community to seek synergies with research in the areas of economic tendency surveys, cyclical composite indicators and rapid estimates.

23. The Statistics Division has supported the initiatives of the regional commissions to implement their programmes in order to enhance the capacity of Member States to compile short-term economic statistics. In particular, the Division is collaborating with the Economic and Social Commission for Asia and the Pacific to implement its regional programme on economic statistics in the Asia-Pacific region. The aim of the programme is to enhance the capacity of Member States to produce and disseminate a core set of economic statistics, including short-term economic statistics, in line with current international statistical standards. The Economic and Social Commission for Western Asia is implementing the United Nations Development Account project entitled "Strengthening the statistical capacity of the countries members of the Economic and Social Commission for Western Asia in producing and disseminating short-term economic indicators for sustainable growth" to enhance the capacity of seven pilot Member States in the region to compile priority short-term economic indicators that they have identified.

The Economic Commission for Europe is developing a handbook on leading, composite and sentiment (LCS) indicators that is designed to provide recommendations of good practices for use by statistical offices in producing such indicators. The recommendations would clarify the possible roles of statistical offices in producing LCS indicators and provide guidance on such production. The Statistics Division is using the lessons learned and experience gained from these regional initiatives to undertake similar initiatives in other regions in collaboration with regional and international organizations.

24. The Statistical Division has also engaged in a dialogue with the academic community through the organization of one-day workshops prior to the conference of the Centre for International Research on Economic Tendency Surveys (CIRET) in 2014 and 2016. These events brought together experts from the official statistics community, universities and international and regional organizations with the objective of facilitating the sharing of knowledge.

25. Given the increasing importance of short-term economic statistics to macroeconomic surveillance, early warning of economic and financial vulnerabilities and detection of turning points in business cycles, and the fact that many Member States still lack the capacity to compile such statistics, the Statistics Division will continue to collaborate with regional and international organizations and academic institutions to assist countries in implementing and strengthening their short-term statistics programmes and encourage the establishment of national data hubs for the sharing of the information.

26. Work is ongoing in the development and implementation of statistical data and metadata exchange standards for selected indicators of the data template as part of the 2030 Agenda for Sustainable Development. It is expected that progress on this work will benefit the compilation of short-term economic statistics and data-sharing. Countries are encouraged to establish national central data hubs using statistical data and metadata exchange standards on a voluntary basis, in accordance with the proposed internationally accepted data template, to ensure harmonization with international guidelines.

IV. Conclusion

27. The Commission is invited to take note of the report.